

MINUTES

MONTANA SENATE 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON FINANCE

Call to Order: By **CHAIRMAN BOB KEENAN**, on March 27, 2001 at 8:00 A.M., in Room 317 Capitol.

ROLL CALL

Members Present:

Sen. Bob Keenan, Chairman (R)
Sen. Ken Miller, Vice Chairman (R)
Sen. Tom A. Beck (R)
Sen. Chris Christiaens (D)
Sen. John Cobb (R)
Sen. Greg Jergeson (D)
Sen. Bea McCarthy (D)
Sen. Arnie Mohl (R)
Sen. Linda Nelson (D)
Sen. Debbie Shea (D)
Sen. Bill Tash (R)
Sen. Jon Tester (D)
Sen. Mignon Waterman (D)
Sen. Tom Zook (R)

Members Excused: Sen. William Crismore (R)
Sen. Royal Johnson (R)
Sen. Corey Stapleton (R)
Sen. Jack Wells (R)

Members Absent: None.

Staff Present: Prudence Gildroy, Committee Secretary
Jon Moe, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 247, 3/30/2001; HB 10,
3/30/2001; HB 11, 3/30/2001;
HB 7, 3/30/01 HB 395,
3/30/2001
Executive Action: HB 7; HB 10; HB 11

HEARING ON HB 247

Sponsor: REP. DAVE LEWIS, HD 55, Helena

Proponents: Barry Stang, Montana Motor Carriers Association
Cary Hegreberg, Wood Producers Association

Opponents: None

Opening Statement by Sponsor:

REP. DAVE LEWIS, HD 55, opened on HB 247. He explained the bill would phase in a reduction of fees in lieu of a tax for heavy vehicles. REP. LEWIS maintained the bill would provide a reduction in fees by 50% over a three year period and would provide reimbursement to local governments for the loss of revenue. He related that the equipment of the trucking industry was being taxed at twice the rate of other business equipment in other industries. He argued that it was a mistake in the tax policies to single out one industry. One unintended consequence would be that the trucking industry would choose to base their trucks elsewhere to avoid the extra fees.

{Tape : 1; Side : A; Approx. Time Counter : 0 - 5}

Proponents' Testimony:

Barry Stang, representing the Montana Motor Carriers Association, avowed support for HB 247. Mr. Stang submitted written testimony, EXHIBIT(fcs69a01). He asked that the Montana Chamber of Commerce be added to the proponents listed in his testimony. He punctuated his testimony with the Annual Report of the Trucking Industry in Montana, EXHIBIT(fcs69a02).

Cary Hegreberg, representing the Wood Producers Association, rose in support of HB 247. Mr. Hegreberg reasoned that Montana needed a competitive transportation system, which would allow the state to become competitive with Canada and other states.

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses:

SEN. MIGNON WATERMAN wondered if HB 124 contained a mechanism to deal with the loss of revenue to local government. REP. LEWIS explained the money to reimburse local governments would be

included in the status sheet. He believed that HB 124 would be the vehicle. He surmised that if HB 247 were to pass it would be amended into HB 124.

SEN. ARNIE MOHL queried how much money would be lost from the highway fund if the trucking industry were to leave the state.

REP. LEWIS narrated there were 26,000 trucking employees in the state, but could not recall the numbers concerning total fuel taxes.

SEN. BOB KEENAN asked how many trucks were registered in the state. **Barry Stang** indicated that intrastate trucking paid 100% of their taxes to the state of Montana. Interstate trucking taxes would be paid on IRP registration, which was based on the percentage of the miles driven in Montana. **Mr. Stang** maintained he could obtain the requested number from the highway department.

SEN. MOHL affirmed the numbers would be helpful because a considerable amount would be lost to the state.

SEN. GREG JERGESON asked if coordinated instruction would be needed to eliminate section 5, if HB 124 were to pass. **REP. LEWIS** explained that when the bill was drafted, section 5 was a stand-alone reimbursement system. HB 124 would replace all existing reimbursement mechanisms.

SEN. JERGESON reiterated it would be a safeguard to include coordination language. **REP. LEWIS** stated he would agree to such language. He asserted 39,000 trucks in the state were subject to the tax.

SEN. WATERMAN cited her belief that a coordination clause would be needed to prevent HB 124 from voiding HB 247.

{Tape : 1; Side : A; Approx. Time Counter : 5 - 15}

Closing by Sponsor:

REP. LEWIS closed on HB 247.

{Tape : 1; Side : A; Approx. Time Counter : 15 - 15.2}

HEARING ON HB 10

Sponsor: **DAVE KASTEN, HD 99, Brockway**

Proponents: **Jim Nolan, Montana Department of Public Health and**

Human Services

Peggy Grimes, Montana Food Bank

Mike Pichette, Montana Power Company

**Charles Rehbein, Department of Public Health and
Human Services**

Greg Groepper, Energy Share

Julie Ippolito, Montana HRDC Directors Association

Opponents: None

Opening Statement by Sponsor:

REP. DAVE KASTEN, HD 99, testified that HB 10 would appropriate oil overcharge payments for programs administrated by the state of Montana. He anticipated \$260,000 in the upcoming biennium. Section 4 would appropriate \$15,000 to the Montana Food Bank Network. Ethanol producers would receive \$3000 towards developing an ethanol cooperative at Montana State-Northern, as stated in section 5. Section 6 would grant \$11,000 to the Montana Department of Health and Human Services to provide monies to agencies on aging. \$5,000 would be appropriated to the National Center to promote technology for soil and moisture monitoring in section 7. Section 8 would appropriate \$229,000 to weatherize homes of low income residents.

{Tape : 1; Side : A; Approx. Time Counter : 15.2 - 19}

Proponents' Testimony:

Jim Nolan, representing the Department of Public Health and Human Services, stated that the money available in HB 10 had steadily declined since 1987, from 10-15 million dollars to \$260,000, listed in the current bill. He professed strong support for Section 8, which would allow low income homes to be weatherized, allowing residents in the lower income bracket to withstand the rising costs of energy.

Peggy Grimes, representing the Montana Food Bank Network, rose in support of section 4 of HB 10, which would appropriate \$15,000 to the Food Bank Network. She claimed the money would help them to move food into eastern Montana, where agencies were currently transporting food in private vehicles. She reported that a refrigerated box truck had been donated for this purpose. **Ms. Grimes** submitted additional testimony, **EXHIBIT(fcs69a03)**.

Mike Pichette, representing the Montana Power Company, avowed support for HB 10. **Mr. Pichette** submitted written testimony, **EXHIBIT(fcs69a04)**.

Charles Rehbein, Department of Public Health and Human Services, stood in support of section 6 of HB 10.

Greg Groepper, representing Energy Share, enjoined support of HB 10. He postulated that Energy Share would probably not receive money, because of the decrease in funding. He contended Energy Share had been anticipating the decrease in funding and had been trying to raise money to replace the loss of state funding.

Julie Ippolito, representing the Montana HRDC Directors Association, echoed support for HB 10.

{Tape : 1; Side : A; Approx. Time Counter : 19 - 25}

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses:

SEN. BILL TASH wondered if the Montana Food Share Program would be connected to the food program at Montana State Prison. **Peggy Grimes** clarified that the program would be specifically for agencies in eastern Montana. She reiterated that problems developed because agencies must travel long distances to obtain the food.

SEN. CHRIS CHRISTIAENS, asked **Peggy Grimes** to explain the kinds of precautions her agency was pursuing in order to prepare for the loss of funding in the next two years. **Ms. Grimes** related that her agency was trying to develop an endowment to help build a fund for transportation.

SEN. CHRISTIAENS restated the question to **Jim Nolan.** **Mr. Nolan** advised the committee that the Department of Public Health and Human Services was involved with the Universal Services Benefit Charge, which contributes a considerable amount of money for weatherizing homes. He affirmed that his organization received one million dollars per year from the Montana Power Company.

SEN. CHRISTIAENS reasoned that the funds should have been depleted several years ago. **Mr. Nolan** suspected this would be the last significant infusion of funds.

{Tape : 1; Side : A; Approx. Time Counter : 25 - 30}

Closing by Sponsor:

REP. KASTEN closed on HB 10.

{Tape : 1; Side : A; Approx. Time Counter : 30 - 30.1}

HEARING ON HB 11

Sponsor: REP. DAVE KASTEN, HD 99, Brockway

Proponents: Jim Edgcomb, Department of Commerce
Gloria Paladichuk, Richland Economic Development,
Richland
Eric Griffin, Public Works Director, Lewis and
Clark County
Bryan Grubb, Mayor of Conrad
Stephen Ruhd, Public Works Director, Conrad
Steve Wade, North Central and Dry Prairie Drinking
Water Projects
John Beer, Superintendent of the Essex Water and
Sewer District

Opponents: None

Opening Statement by Sponsor:

REP. DAVE KASTEN opened on HB 11. He instructed the bill would appropriate money to thirty-one local governments to fund public infrastructure projects.

{Tape : 1; Side : A; Approx. Time Counter : 30.1 - 32}

Proponents' Testimony:

Jim Edgcomb, representing the Department of Commerce, stood in strong support of HB 11. Mr. Edgcomb offered written testimony, **EXHIBIT(fcs69a05)**. He also submitted additional information to punctuate his testimony, **EXHIBIT(fcs69a06)**.

Gloria Paladichuk, Richland Economic Development, justified the bill as one that would bring needed funds to eastern Montana. She claimed that the population in eastern Montana was sparse and that limited their ability to raise needed funds.

Eric Griffin, Public Works Director of Lewis and Clark County, avowed support of HB 11. He maintained the money would allow for the replacement of unsafe and failing bridges in the county. He asserted the Department of Commerce had done an excellent job administering the TSEP program.

Byron Grubb, representing the city of Conrad, cited the importance of HB 11 to his community. He held that sections 8 and 9 would provide \$100,000 in funds for a pumping station. He explained the entire project would total 3.8 million dollars. **Mr. Grubb** urged support of HB 11, as amended.

Stephen Ruhd, representing the city of Conrad, punctuated support of HB 11 with pictures of Lake Francis and Swift Dam. **Mr. Ruhd** explained that the water source of Conrad depended on the availability of water in Lake Francis and Swift Dam. He requested support of section 9 in the bill, which would allow the city to move the pumping station. He also urged support for section 8, which would provide for emergency funding.

Steve Wade, representing the North Central Regional and Dry Prairie Drinking Water Projects, endorsed HB 11. **Mr. Wade** instructed the committee that the projects were cooperative efforts between the citizens and the tribal governments. He informed the committee that the Dry Prairie Project had been authorized by Congress and work would begin within the next two years.

John Beer, representing the Essex Water and Sewer District, professed support of HB 11. **Mr. Beer** related that the community of Essex had replaced its sixty year old water system that served thirty users. He recounted each user was charged \$167 to prepare the application. He hypothesized HB 11, as amended, would contribute 10%-20% directly to the communities involved in these projects.

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses:

SEN. CHRISTIAENS asked **Byron Grubb** if he had considered the alternative of a Tiber Dam pipeline to furnish water to Conrad. **Mr. Grubb** affirmed the consideration of Tiber Dam as a source of water, but maintained the closest water line would be a six inch line 10 miles east of Conrad. He explained that the water in the Tiber system would not be adequate to meet the needs of Conrad.

SEN. CHRISTIAENS queried if the proposed site of the water pump would guarantee a continuing water supply. **Mr. Grubb** clarified that irrigation could not draw from the deep pool, allowing the city of Conrad an assurance of water.

SEN. CHRISTIAENS wondered if the water would be piped from the pump. **Mr. Grubb** purported that the pumping structure would be moved to the existing line that would run to Conrad. The current station would be abandoned.

SEN. CHRISTIAENS asked how many projects had been completed in the last biennium. **Jim Edgcomb** asserted that Volume 3 contained the status of all the projects every year since the program had been in existence. He reported that all the projects from 1993 had been completed, two from 1995 had been completed and beyond that a variety of projects were still in progress.

SEN. CHRISTIAENS requested that **Mr. Edgcomb** explain the status of the money from an uncompleted project. **Mr. Edgcomb** reported that the money and the interest earnings would sit in a special revenue account that would provide ongoing funds for the project. The money would be approved for each project and would sit in the account until needed.

SEN. JON TESTER requested information on the total cost of the pumping station project, which would supply water to the city of Conrad. **Mr. Grubb** stated that the total cost of the project would be 3.8 million dollars.

SEN. TESTER questioned the time frame of the project. **Mr. Grubb** inferred that the project would not be completed until early next year. He maintained the federal money would not be available until October or November.

SEN. TESTER queried whether the city of Conrad was part of the North Central Water Project. **Mr. Grubb** contended the city of Conrad was part of the project, but the project for Conrad would be ten or more years in the future.

SEN. WATERMAN asked **Jim Edgcomb** to explain why the Helena project was moved below the funding line and the Yellowstone Bridge project was moved up. She wondered how often those changes took place.

Jim Edgcomb recited that this was the first time the order of the projects had been changed. He indicated Yellowstone County had appeared before the planning sub-committee, stating that more use had been put on the Shiloh Exchange than anticipated. As a result of the increased use, the bridge had additional vibration, which resulted in a broken stringer. The county felt they could not wait until spring to replace the bridge before irrigation waters were turned on. He justified re-prioritizing the Billings project above the Helena project, contending the Helena project

had received more grant monies than any other community in the state.

SEN. MOHL wondered about the success rate of the project. **REP. KASTEN** believed the success rate was positive. He reported that uncompleted projects would be reviewed.

SEN. MOHL questioned the number of projects that had been on the list for years. **REP. KASTEN** believed that some of them had reapplied. He asked that the question be referred to **Mr. Edgcomb**. **Mr. Edgcomb** recalled that the cities of Shelby and Essex had applied previously.

{Tape : 2; Side : B; Approx. Time Counter : 0 - 32}

He articulated that cities and towns would be prioritized on the list and the monies could run out before reaching the last name on the list. Those communities would reapply for funds and be re-prioritized again the next year.

{Tape : 2; Side : A; Approx. Time Counter : 0 - 2}

Closing by Sponsor:

REP. TESTER closed on HB 11. He defended the decision to raise Yellowstone County above the community of Helena, justifying that the issue was not political. The Yellowstone project was a threat to public safety.

{Tape : 2; Side : A; Approx. Time Counter : 2 - 3}

HEARING ON HB 7

Sponsor: **REP. MATT MCCANN, HD 92, Harlem**

Proponents: **John Tubbs, Department of Natural Resources and Conservation**
Tom Ebzery, CMS Oil and Gas, Billings
Gail Abercrombie, Montana Petroleum Association
Deb Kottel, Cascade County, Great Falls

Opponents: **None**

Opening Statement by Sponsor:

REP. MATT MCCANN opened on HB 7. He advised that HB 7 would provide money to the Department of Natural Resources and

Conservation for grants for designated projects under the Reclamation and Development Grants Program. The bill would be funded with RIT interest proceeds and would be used for reclamation throughout the state of Montana. The appropriation would be approximately 4.5 million dollars.

{Tape : 2; Side : A; Approx. Time Counter : 3 - 5}

Proponents' Testimony:

John Tubbs, representing the Department of Natural Resources and Conservation, rose in support of HB 7. He stated the bill would fund a combination of oil and gas reclamation projects, among them the Zortman Landusky reclamation project. He referred to projects in Glacier, Pondera, and Liberty Counties. **Mr. Tubbs** cited a project in Toole County last session, that provided cost share to plug active oil wells. He maintained it would be a 50-50 cost share to the operator. He reported that the cost share program enabled them to plug a well for \$1500 as opposed to \$15,000 without the program.

Tom Ebzeny, representing CMS Oil and Gas, stood in support of HB 7, limiting his comments to page 3 of the second reading copy, lines 10-11. He requested that \$250,000 remain in the bill indicating that it would be an indispensable part of the Environmental Impact Statement financing. He added that the federal government had contributed several million dollars. He explained that there was a current moratorium on coal and methane development, pending the release of the Environmental Impact Statement, which should be completed by March 2002.

Gail Abercrombie, representing the Montana Petroleum Association, echoed **Mr. Ebzeny's** comments regarding the coal and methane EIS financing. She indicated that the part the state would play in this would be an amendment to their programmatic oil and gas EIS that was currently in place. Since money from the particular fund was refused for the programmatic in the late 1980's, this would provide the supplement to address the issues of coal and methane development.

Deb Kottel, representing Cascade County, related she would answer questions regarding the Fort Shaw Project.

{Tape : 2; Side : A; Approx. Time Counter : 5 - 12}

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses:

SEN. JERGESON referred to three projects on page 5, questioning why those projects were eliminated. He wondered what had happened to the money designated for those projects. **John Tubbs** explained that the Department of Environmental Quality elected to terminate the projects during the current biennium. He stated his belief that the terminations were due to the problems at the Zortman Landusky facility. **Mr. Tubbs** instructed the committee that three million dollars in interest, added to \$900,000 in reverted funds and tax revenues deposited into the account balance of \$200,000 would fund the bill. This would allow the line to be set at 4.1 million dollars.

SEN. JERGESON questioned the line. **Mr. Tubbs** stated that projects nineteen and below would not be funded.

SEN. JERGESON cited examples that were funded and wondered why some numbers would be exact while others were approximate. He questioned whether a \$300,000 project would cost exactly that amount. **Mr. Tubbs** clarified that some projects would be part of a cost share. He contended that unspent money would revert back to the state.

SEN. CHRISTIAENS queried how many projects would come in under the grant. **Mr. Tubbs** reported that payments were made on a reimbursement basis and many projects would come in several thousand dollars under the original bid.

SEN. CHRISTIAENS wondered if money would be available for a small overrun. **Mr. Tubbs** contended the maximum amount would be funds that were originally appropriated.

{Tape : 2; Side : A; Approx. Time Counter : 12 - 15}

Closing by Sponsor:

REP. MCCANN closed on HB 7.

{Tape : 2; Side : A; Approx. Time Counter : 15 - 15.1}

HEARING ON HB 395

Sponsor: **REP. BILL THOMAS, HD 93, Hobson**

Proponents: **SEN. CHRIS CHRISTIAENS, SD 23, Great Falls**

Mary McCue, Montana Dental Association
Richard Crofts, Commissioner of Higher Education
Will Weaver, Montana State University-College of
Technology, Great Falls
Jon Metropoulos, Montana Dental Hygienist
Association
Steve Yeakal, Montana Council for Maternal and
Child Health
Dustin Stewart, Associated Students of Montana
State University
Joe Mazurek, City of Great Falls
Janet Thomas, Self, Hobson
Deb Kottell, Cascade County, Great Falls
Cathy Conover, Montana State University
REP. JOE TROPILA, HD 47, Great Falls

Opponents: None

Opening Statement by Sponsor:

REP. BILL THOMAS testified that HB 395 would appropriate money to the Board of Regents to establish a Dental Hygiene Education Program at the Montana State University-Great Falls College of Technology. REP. THOMAS reported the program would provide needed manpower to address the dental hygienist shortage facing the state of Montana. He maintained a source of funding had been identified, which would ensure the success of the program.

{Tape : 2; Side : A; Approx. Time Counter : 15.1 - 17}

Proponents' Testimony:

SEN. CHRISTIAENS, representing SD 23, rose in support of HB 395.

SEN. CHRISTIAENS reported that he had been involved in this particular project for a number of years. He referred to assumption number 2 on the fiscal note, narrating that the Congressional Delegation had obtained \$625,000 to address the cost of setting up the program during the first year. He clarified that the requested money from the bill would be for the second year of the biennium. He suggested that he would propose an amendment that would address a different funding source.

SEN. CHRISTIAENS informed the committee that 50% of the dentists in Montana were 55 years old or older. He indicated rural areas would face monumental problems when trying to replace those dentists. He reasoned that the same problems were emerging in other states.

Mary McCue, Director of the Montana Dental Health Association, avowed support for HB 395. **Ms. McCue** reported that the Carroll College Program closed in 1989, leaving the state without a dental hygiene program. She debated that dentists would need to be recruited to the state within the next 10-15 years. **Ms. McCue** testified that prospective dentists, moving to the state, would question the supply of dental hygienists available in the state. She maintained dentists were discouraged when they learn the shortage already exists, since Montana is the only state that does not have a dental hygienist program.

Ms. McCue affirmed that a coalition of state, local and federal advocates had been formed that had tried to address dental issues in Montana. The coalition developed a legislative agenda that heartily endorsed HB 395. She indicated that the Dental Association had worked with the Department of Public Health Services to develop a work force survey. All the dentists in Montana were surveyed. Of the 90% of dentists that responded, 25% reported a need for a hygienist. **Ms. McCue** articulated that the Board of Dentistry had asked her to convey their support for HB 395. She submitted a letter from the Montana Dental Association as additional testimony, **EXHIBIT(fcs69a07)**.

Dr. Richard Crofts, Commissioner of Higher Education, testified that HB 395 carried the full support of the Montana University System. **Dr. Crofts** held that the bill would address a serious public health need in the state of Montana. He justified asking the legislature for money, contending that dental hygiene programs were expensive. He reiterated that the money from the federal government would be used for start-up costs and equipment. He maintained the program would also require the presence of a dentist.

Will Weaver, Dean of the College of Technology in Great Falls, related in 1992 the Board of Regents had authorized the college to provide a degree in dental hygiene. He reported that they were unable at that time to gain the money needed to implement the program. The implementation of the program would be a two year program that would admit and graduate 12 students per year. He indicated the first class would begin the program in the fall of 2002. **Mr. Weaver** estimated that the ongoing operating costs would be approximately \$119,000.

{Tape : 2; Side : A; Approx. Time Counter : 17 - 32}

Mr. Weaver related that Montana Dental Coalition supported the program. He pointed out that one-third of the counties in Montana did not have the services of a dental hygienist. He purported that a dental hygienist career had been identified as

one of the fastest growing careers in the nation. In Montana, the average salary would be approximately \$52,000. He concluded that the bill would encourage economic development in the state of Montana.

Jon Metropoulos, representing the Montana Dental Hygienist Association, urged support for HB 395.

Steve Yeakel, Montana Council for Maternal and Child Health, strongly supported HB 395, stating that Montana had an excess of demand, a shortage of supply, a minimum of investment of resources, a maximum return, a broad base of support, support of public health, and there would be creation of high wage jobs and economic development.

Dustin Stewart, representing the Associated Students of Montana State University, urged support of HB 395. He stated that dental hygienists were one of the thirty fastest growing professions in the United States. **Mr. Stewart** inferred that college students desired to graduate and obtain a high paying job. He hypothesized the bill would perpetuate economic development in the state, which would encourage students to remain in the state.

Joe Mazurek, representing Great Falls, reported on previous testimony from dentists across the state during the hearing on HB 395 in the House Appropriation Committee. **Mr. Mazurek** referred to the program at Carroll College, stating that it had been an expensive program because it offered a four year degree. He reminded the committee that HB 395 would fund a two-year program, which would not incur the same expenses as a four-year program. **Mr. Mazurek** asserted the bill would be a long term commitment to public health.

Janet Thomas, representing herself, reaffirmed that dental hygiene was a family friendly profession. She reasoned that the career would provide flexibility, allowing the hygienist to work in many different climates. She clarified that a dental hygienist differed from a dental assistant because the hygienist would have to take the state board of exams in order to practice.

Deb Kottel, representing Cascade County, suggested that passage of HB 395 would affirm that the legislature was committed to increasing funding to help solve a health care crisis in the state of Montana. The increased funding would allow the high school graduates of the state to obtain jobs above the livable wage, which would allow them to remain in Montana.

Cathy Conover, representing Montana State University, urged support of HB 395, stating that the state's colleges of

technology were on the front lines in responding to workforce needs. She postulated that the bill would establish a program that would respond to the demands of dentists in terms of skilled laborers that are required in their practices.

REP. JOE TROPILA, HD 47, Great Falls, reported that dentists had raised \$200,000 for a foundation that would provide scholarships for the students. The money could not be used as matching funds for the federal government, therefore the money would be needed to show the state's attempt in obtaining the program. **REP. TROPILA** urged strong support for the passage of HB 395.

{Tape : 2; Side : B; Approx. Time Counter : 0 - 15}

Opponents' Testimony: None

Informational Testimony: None

Questions from Committee Members and Responses:

SEN. WATERMAN questioned the source of the funding. **SEN. CHRISTIAENS** submitted an amendment (HB039503.atp), **EXHIBIT (fcs69a08)** that would address the source of funding. The amendment would require a one-time transfer of \$120,000 from the research and commercialization expendable trust fund, established in 90-3-1002, to the state special revenue account for the purposes of this bill.

SEN. WATERMAN wondered how much money was available in the account. **SEN. CHRISTIAENS** informed the committee that 4.85 million dollars was currently available in the account.

SEN. WATERMAN stated her concerns that the source of funding would not be appropriate.

SEN. JERGESON mentioned that SB 445, which would reorganize the Department of Commerce, would take \$850,000 out of the research commercialization account. He hypothesized that the account could be diminished, which would interfere with the original purpose of the account.

SEN. CHRISTIAENS believed that 9.7 dollars would be available in the account for the biennium, which would provide adequate funding for both bills.

CHAIRMAN BOB KEENAN wondered how much would be subsidized by the state through the funding formulas involved in higher education. **Will Weaver** reported that estimated operating costs would be

approximately \$151,000. He contended the tuition of \$880, per semester, would be deducted from that amount. He narrated that tuition payments would equal \$31,000, leaving \$119,000 to be funded.

CHAIRMAN KEENAN asked about the number of students expected to enroll in the program. **Mr. Weaver** indicated 12 students would begin the program each year, which would result in 24 students at the end of the biennium.

SEN. KEN MILLER asked for an explanation regarding the establishment of the research and commercialization expendable trust fund. **Jon Moe** responded that the statute could be found in 90-3-1002.

SEN. WATERMAN suggested that the fund was created from the old research and development funds that were used to match federal grants to the university system. The name was changed and it became an expendable trust with a special revenue account.

Jon Moe reported that HB 1, during special session had included the appropriation. The purpose would be to oversee grants and loans from the newly created research and commercialization expendable trust funds. Grants could be made only to provide a match for grants from non-state sources and must be used for research and commercialization projects in research and commercialization centers in Montana.

SEN. MILLER related that there were three purposes of definitions. He narrated that the third definition would expand the research efforts into areas beyond the scope of the state's basic industries to diversify and strengthen the state's economic security through the creation of technology based operations in long term quality jobs.

SEN. WATERMAN assumed that someone had checked the legality of the appropriation. She maintained a board was created to review the applications for the grants. **Jon Moe** apprized the committee that **Greg Petesch** had affirmed the legality of the appropriation. **Mr. Moe** guessed that the transfer would not go through the board, since it would be a directive from the legislature to re-appropriate the money to another purpose.

Dr. Richard Crofts maintained the money was put in HB 1 in order to help the university system match its grants. The issue dealt with money that was to be taken from the fund for the reorganization of the Department of Commerce. After meeting with the Governor's Office, the bill was amended to remove the 1.7 million dollar transfer from the bill. **Dr. Crofts** stated his

disappointment with the committee for trying to divert the money, which had been awarded to the research matching grants less than a year ago.

{Tape : 2; Side : B; Approx. Time Counter : 15 - 32}

He maintained the money had originally been placed in the fund for a five-year program that would deal with other issues besides research and commercialization. **Dr. Crofts** urged the committee to find another source of funding. He argued the program should not be used as another "checking account" for the state.

CHAIRMAN KEENAN asked **Mr. Weaver** to clarify the cost of running the program, inquiring into the cost of a full-time dentist. He also asked if the \$880 dollar tuition cost would be per semester. **SEN. WATERMAN** questioned the yearly cost of the program once it was established. **Will Weaver** agreed that the tuition costs would be per semester. He related that the program would require a full-time director, one full-time faculty member, and one supervising dentist. The dentist would be paid \$40 an hour for 135 hours. He maintained the total would be \$121,000. The maintenance and operation would equal \$51,000. **Mr. Weaver** contended the tuition fees would equate to \$31,000, which would help offset the cost. He surmised the second year would require an additional faculty member, an additional .4 FTE staff member and additional faculty for clinical classes. The supervising dentist would increase to 720 hours. The total would equal \$282,000 minus the tuition for 24 students.

CHAIRMAN KEENAN asked if the costs were rated on three semesters. **Mr. Weaver** contended the program would be a five semester program.

CHAIRMAN KEENAN wondered if one semester would be set aside for a "student teaching" type experience. **Mr. Weaver** explained that the clinic portion of the program would be a practice experience.

CHAIRMAN KEENAN asked who would be treated through the student program. **Mr. Weaver** stated that the program would treat a full range of patients.

CHAIRMAN KEENAN requested that developmentally disabled and mentally ill from the Golden Triangle be included as patients and be educated in the area of oral hygiene. **Mr. Weaver** asserted that some students could be off campus working in a clinic run by Cascade County.

SEN. WATERMAN reiterated that the ongoing costs per year would be \$220,000. **Mr. Weaver** contended the cost would be closer to \$280,000 per year. He reminded the committee the cost would be \$180,000, after tuition payments. **CHAIRMAN KEENAN** reminded the committee that the numbers were addressed on the back of the fiscal note.

Dr. Crofts explained that the request would include \$120,000 in additional state support for fiscal year 2003, which would be the second year of the biennium. He claimed the students would not be included in the projected enrollment, which would result in zero funding from the state, under the regular formula. He indicated they would receive state support for the students in the two years of the next biennium. The budget costs of the program were calculated for 2004-05. Tuition costs and money received from the state would be subtracted from the budget costs, which would result in the \$180,000 figure. He reiterated that the university system would need an ongoing commitment to the program, since a shortfall of \$180,000 would be incurred per year.

SEN. WATERMAN indicated she would support **SEN. CHRISTIAENS'** amendment. She felt spending \$15,000 per year, per student, would not guarantee they would stay in Montana. **Dr. Crofts** disagreed with the projected \$15,000 figure. He claimed the cost would be \$10,500 per year. He felt that the per student expenditure would be on the low side as compared to other states.

{Tape : 3; Side : A; Approx. Time Counter : 0 - 15}

Closing by Sponsor:

REP. BILL THOMAS closed on HB 395. He summarized the program would not guarantee that students would stay in Montana, but would serve a need that had been identified as a shortage of dental care providers within the state. For this reason, **REP THOMAS** justified financial maintenance of the program.

{Tape : 3; Side : A; Approx. Time Counter : 15 - 17}

EXECUTIVE ACTION ON HB 7

Motion/Vote: **SEN. CHRISTIAENS** moved that **HB 7 BE CONCURRED IN.**
Motion carried unanimously.

EXECUTIVE ACTION ON HB 10

Motion/Vote: SEN. CHRISTIAENS moved that HB 10 BE CONCURRED IN.
Motion carried unanimously.

EXECUTIVE ACTION ON HB 11

Motion: SEN. CHRISTIAENS moved that HB 11 BE AMENDED
(HB00113.abm), **EXHIBIT**(fcs69a09).

Discussion:

SEN. CHRISTIAENS stated the amendment would clarify the definition of a regional drinking water system.

SEN. WATERMAN questioned the need for the amendment. John Tubbs explained that the language would specify that the funds in the account were restricted to finance regional drinking water systems that would supply water to large geographical areas and serve multiple local governments.

CHAIRMAN KEENAN asked for a definition of a large geographical area. John Tubbs contended the bill would refer to multiple counties with a regional water supplies. He supported the establishment of a regional water authority, which would conserve the interests of all the underlying governments in the state of Montana. The water authority would cross all boundaries in order to provide services.

SEN. JERGESON wondered if the Fort Peck operation had refused to join the regional water authority. Mr. Tubbs contended the Fort Peck program had been five years ahead of the Dry Prairie system and had already secured federal funds to build their water treatment plant.

Vote: SEN. CHRISTIAENS' motion that HB 11 BE AMENDED
(HB00113.abm) passed unanimously.

Motion/Vote: SEN. CHRISTIAENS moved that HB 11 BE CONCURRED IN AS AMENDED. Motion carried unanimously.

{Tape : 3; Side : B; Approx. Time Counter : 0 - 10}

ADJOURNMENT

Adjournment: 10:35 A.M.

SEN. BOB KEENAN, Chairman

PRUDENCE GILDROY, Secretary

BK/PG

EXHIBIT (fcs69aad)